



HEALTH QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2016
OF THE CONDITION AND AFFAIRS OF THE

Sparrow PHP

NAIC Group Code 3408 (Current) 3408 (Prior) NAIC Company Code 11537 Employer's ID Number 36-4497604

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

Is HMO Federally Qualified? Yes [] No [X]

Incorporated/Organized 05/23/2002 Commenced Business 01/01/2003

Statutory Home Office 1400 East Michigan Avenue (Street and Number), Lansing , MI, US 48912 (City or Town, State, Country and Zip Code)

Main Administrative Office 1400 East Michigan Avenue (Street and Number), Lansing , MI, US 48912 (City or Town, State, Country and Zip Code), 517-364-8400 (Area Code) (Telephone Number)

Mail Address 1400 East Michigan Avenue (Street and Number or P.O. Box), Lansing , MI, US 48912 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1400 East Michigan Avenue (Street and Number), Lansing , MI, US 48912 (City or Town, State, Country and Zip Code), 517-364-8400 (Area Code) (Telephone Number)

Internet Website Address www.phpmichigan.com

Statutory Statement Contact Erin Flood (Name), 517-364-8400 (Area Code) (Telephone Number), erin.flood@phpmm.org (E-mail Address), 517-364-8407 (FAX Number)

OFFICERS

President & Secretary Dennis J. Reese Treasurer Kevin Essenmacher

Chief Financial Officer and Chief Operations Officer George Schneider

OTHER

Dennis J. Reese James Butler III Gwen Hall

DIRECTORS OR TRUSTEES

State of Michigan SS:

County of Ingham

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Dennis J. Reese President & Secretary George Schneider Chief Financial Officer and Chief Operations Officer Kevin Essenmacher Treasurer

Subscribed and sworn to before me this day of

a. Is this an original filing? Yes [X] No []

b. If no, 1. State the amendment number..... 2. Date filed 3. Number of pages attached.....

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds			0	
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks	6,107,433	0	6,107,433	5,732,005
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens.....			0	
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	
4.2 Properties held for the production of income (less \$ encumbrances)			0	
4.3 Properties held for sale (less \$ encumbrances)			0	
5. Cash (\$18,043), cash equivalents (\$) and short-term investments (\$6,788,569)	6,806,612		6,806,612	14,085,818
6. Contract loans (including \$ premium notes)			0	
7. Derivatives			0	
8. Other invested assets			0	
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	12,914,045	0	12,914,045	19,817,823
13. Title plants less \$ charged off (for Title insurers only)			0	
14. Investment income due and accrued	596	0	596	441
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	98,750
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	59,341
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	
18.1 Current federal and foreign income tax recoverable and interest thereon			0	
18.2 Net deferred tax asset			0	
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software			0	
21. Furniture and equipment, including health care delivery assets (\$)			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	2,850	0	2,850	913,289
24. Health care (\$199,707) and other amounts receivable	199,707	199,707	0	3,739,422
25. Aggregate write-ins for other than invested assets	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	13,117,198	199,707	12,917,491	24,629,066
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. Total (Lines 26 and 27)	13,117,198	199,707	12,917,491	24,629,066
DETAILS OF WRITE-INS				
1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. PREPAIDS	0	0	0	0
2502.			0	
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	166,999	13,184	180,183	6,599,191
2. Accrued medical incentive pool and bonus amounts	258		258	907,280
3. Unpaid claims adjustment expenses	2,812		2,812	119,544
4. Aggregate health policy reserves, including the liability of \$0 for medical loss ratio rebate per the Public Health Service Act			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance			0	
9. General expenses due or accrued	842,566		842,566	5,475,474
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))			0	
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	21,086
12. Amounts withheld or retained for the account of others.....			0	
13. Remittances and items not allocated			0	
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	
15. Amounts due to parent, subsidiaries and affiliates			0	484,727
16. Derivatives			0	
17. Payable for securities			0	0
18. Payable for securities lending			0	
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$) companies			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	
22. Liability for amounts held under uninsured plans			0	
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	1,012,635	13,184	1,025,819	13,607,301
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX		
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	11,891,672	11,021,765
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	11,891,672	11,021,765
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	12,917,491	24,629,066
DETAILS OF WRITE-INS				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	0	0	0	0
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	XXX		194,673	257,586
2. Net premium income (including \$ non-health premium income).....	XXX	1,048,240	66,853,089	88,869,951
3. Change in unearned premium reserves and reserve for rate credits.....	XXX			
4. Fee-for-service (net of \$ medical expenses).....	XXX			
5. Risk revenue	XXX			
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	1,048,240	66,853,089	88,869,951
Hospital and Medical:				
9. Hospital/medical benefits		317,525	35,351,960	47,764,014
10. Other professional services		(27,316)	2,264,879	3,714,316
11. Outside referrals				
12. Emergency room and out-of-area		(86,386)	6,644,902	8,121,266
13. Prescription drugs		(129,708)	11,121,164	14,480,367
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		31,235	516,269	897,752
16. Subtotal (Lines 9 to 15)	0	105,349	55,899,175	74,977,715
Less:				
17. Net reinsurance recoveries			247,603	298,041
18. Total hospital and medical (Lines 16 minus 17)	0	105,349	55,651,572	74,679,674
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$0 cost containment expenses			2,334,177	3,243,171
21. General administrative expenses		290,765	8,272,203	11,498,515
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)				
23. Total underwriting deductions (Lines 18 through 22).....	0	396,114	66,257,952	89,421,359
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	652,127	595,137	(551,408)
25. Net investment income earned		45,909	38,432	415,700
26. Net realized capital gains (losses) less capital gains tax of \$		9,234	10,152	29,726
27. Net investment gains (losses) (Lines 25 plus 26)	0	55,143	48,584	445,426
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)].....				
29. Aggregate write-ins for other income or expenses	0	0	0	3,000,000
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	707,269	643,721	2,894,018
31. Federal and foreign income taxes incurred	XXX			
32. Net income (loss) (Lines 30 minus 31)	XXX	707,269	643,721	2,894,018
DETAILS OF WRITE-INS				
0601.	XXX			
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698)(Line 6 above)	XXX	0	0	0
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798)(Line 7 above)	XXX	0	0	0
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498)(Line 14 above)	0	0	0	0
2901. Sale of Membership				3,000,000
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998)(Line 29 above)	0	0	0	3,000,000

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
CAPITAL AND SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year.....	11,021,765	8,494,340	8,494,340
34. Net income or (loss) from Line 32	707,269	643,721	2,894,018
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	322,109	(258,188)	(496,465)
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax			
39. Change in nonadmitted assets	(159,470)	(17,752)	129,872
40. Change in unauthorized and certified reinsurance	0		
41. Change in treasury stock	0		
42. Change in surplus notes	0		
43. Cumulative effect of changes in accounting principles.....			
44. Capital Changes:			
44.1 Paid in	0		
44.2 Transferred from surplus (Stock Dividend).....	0		
44.3 Transferred to surplus.....			
45. Surplus adjustments:			
45.1 Paid in	0		
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders			
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital & surplus (Lines 34 to 47)	869,907	367,780	2,527,426
49. Capital and surplus end of reporting period (Line 33 plus 48)	11,891,673	8,862,120	11,021,765
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798)(Line 47 above)	0	0	0

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE SPARROW PHP

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	1,125,904	66,773,466	88,882,818
2. Net investment income	45,754	38,287	415,259
3. Miscellaneous income	3,245,831	893,720	(3,109,132)
4. Total (Lines 1 to 3)	4,417,489	67,705,473	86,188,945
5. Benefit and loss related payments	7,037,915	56,967,244	74,710,271
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	5,040,407	9,755,289	9,767,275
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0	0
10. Total (Lines 5 through 9)	12,078,322	66,722,533	84,477,546
11. Net cash from operations (Line 4 minus Line 10)	(7,660,833)	982,939	1,711,399
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	(9,169)	149,393	0
12.2 Stocks	142,935	0	269,093
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	0
12.7 Miscellaneous proceeds	0	126,530	126,530
12.8 Total investment proceeds (Lines 12.1 to 12.7)	133,766	275,923	395,623
13. Cost of investments acquired (long-term only):			
13.1 Bonds	(56,366)	195,221	0
13.2 Stocks	234,217	0	695,099
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	0	126,401	126,401
13.7 Total investments acquired (Lines 13.1 to 13.6)	177,851	321,622	821,500
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(44,085)	(45,699)	(425,877)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	425,712	1,184,379	(1,233,130)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	425,712	1,184,379	(1,233,130)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) ..	(7,279,205)	2,121,619	52,392
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	14,085,818	14,033,427	14,033,427
19.2 End of period (Line 18 plus Line 19.1)	6,806,613	16,155,046	14,085,818

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	21,584	703	.0	.0	.0	.0	.0	.0	20,881	.0
2. First Quarter .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. Second Quarter .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Third Quarter .....	.0									
5. Current Year	0									
6. Current Year Member Months	0									
Total Member Ambulatory Encounters for Period:										
7. Physician	240	2							238	
8. Non-Physician	17	0							17	
9. Total	257	2	0	0	0	0	0	0	255	0
10. Hospital Patient Days Incurred	0									
11. Number of Inpatient Admissions	0									
12. Health Premiums Written (a)	1,048,240	.0							1,048,240	
13. Life Premiums Direct .....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned	1,048,240	.0							1,048,240	
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services.....	7,239,432	.65,617							7,173,815	
18. Amount Incurred for Provision of Health Care Services	105,349	58,333							47,016	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

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UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	65,617	0	0	0	65,617	174,886
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid	6,221,786	19,313	180,184	0	6,401,970	6,424,304
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	6,287,403	19,313	180,184	0	6,467,586	6,599,190
10. Healthcare receivables (a)	142,174	0	199,707	0	341,881	533,827
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	932,716	0	258	0	932,974	907,280
13. Totals (Lines 9-10+11+12)	7,077,944	19,313	(19,265)	0	7,058,679	6,972,643

(a) Excludes \$ loans or advances to providers not yet expensed.

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE SPARROW PHP

NOTES TO FINANCIAL STATEMENTS

NOTE 1

Summary of Significant Accounting Policies

1.Summary of Significant Accounting Policies

A.Accounting Practices

The financial statements of Sparrow PHP are presented on the basis of accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services (DIFS). Effective December 31, 2015 Sparrow PHP sold 100 percent of membership to an unaffiliated health plan.

DIFS recognizes only statutory accounting practices prescribed or permitted by the state of Michigan for determining and reporting the financial condition and results of operations of an insurance company. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual*, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Michigan.

A reconciliation of Sparrow PHP's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Michigan is shown below:

	State of Domicile	2016	2015
NET INCOME			
(1) State basis (Page 4, Line 32, Columns 2 & 4)	MI	707,269	2,894,018
(2) State Prescribed Practices that increase/(decrease) NAIC SAP			
(3) State Permitted Practices that increase/(decrease) NAIC SAP			
(4) NAIC SAP (1-2-3=4)	MI	707,269	2,894,018
SURPLUS			
(5) State basis (Page 3, Line 33, Columns 3 & 4)	MI	11,891,672	11,021,765
(6) State Prescribed Practices that increase/(decrease) NAIC SAP			
(7) State Permitted Practices that increase/(decrease) NAIC SAP			
(8) NAIC SAP (5-6-7=8)	MI	11,891,672	11,021,765

B. Use of Estimates

In preparing the financial statements in conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual, management makes estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

1.

Short term investments are stated at amortized cost or at market value depending upon the respective investment.
2.

Bonds
Not applicable
3.

Common stocks are stated at market value.
4.

Preferred stocks
Not applicable
5.

Mortgage loans
Not applicable
6.

Loan-backed securities
Not applicable
7.

Investments in subsidiaries, controlled and affiliated companies
Not applicable
8.

Investments in joint ventures, partnerships and limited liability companies
Not applicable
9.

Derivatives
Not applicable
10.

Premium deficiency reserves
Not applicable
11.

Estimating the liabilities for losses and loss/claim adjustment expenses: Estimates on unpaid losses are based upon the plan's past experience, individual case estimates and an estimate for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined. Loss/claim adjustment expenses related to claims are accrued based on estimates of expenses to process those claims.
12.

Sparrow PHP has not modified its capitalization from the prior period.

D. Going Concern – None

NOTE 2

Accounting Changes and Corrections of Errors

Not Applicable

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE SPARROW PHP

NOTE 3
Business Combinations and Goodwill

Not Applicable

NOTE 4
Discontinued Operations

Not Applicable

NOTE 5
Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans
Not Applicable
- B. Debt Restructuring
Not Applicable
- C. Reverse Mortgages
Not Applicable
- D. Loan-Backed Securities
Not Applicable
- E. Repurchase Agreements and/or Securities Lending Transactions
Not Applicable
- F. Write-downs for Impairments of Real Estate and Retail Land Sales
Not Applicable
- G. Low Income Housing Tax Credits
Not Applicable

H.Restricted Assets
1. Restricted Assets (Including Pledged)

Restricted Asset Category	1 Total Gross Restricted from Current Year	2 Total Gross Restricted from Prior Year	3 Increase/ (Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Percentage Gross Restricted to Total Assets	6 Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown			0		0.000	0.000
b. Collateral held under security lending agreements			0		0.000	0.000
c. Subject to repurchase agreements			0		0.000	0.000
d. Subject to reverse repurchase agreements			0		0.000	0.000
e. Subject to dollar repurchase agreements			0		0.000	0.000
f. Subject to dollar reverse repurchase agreements			0		0.000	0.000
g. Placed under option contracts			0		0.000	0.000
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock			0		0.000	0.000
i. FHLB capital stock			0		0.000	0.000
j. On deposit with states	1,146,293	1,146,001	292	1,146,293	8.739	8.874
k. On deposit with other regulatory bodies			0		0.000	0.000
l. Pledged collateral to FHLB (including assets backing funding agreements)			0		0.000	0.000
m. Pledged as collateral not captured in other categories			0		0.000	0.000
n. Other restricted assets			0		0.000	0.000
o. Total Restricted Assets	1,146,293	1,146,001	292	1,146,293	8.739	8.874

- 2. Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts That Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)
Not Applicable
- 3. Detail of Other Restricted Assets (Contracts That Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)
Not Applicable

- I. Working Capital Finance Investments
Not Applicable
- J. Offsetting and Netting of Assets and Liabilities
Not Applicable
- K. Structured Notes
Not Applicable

NOTE 6
Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

NOTE 7
Investment Income

- A. Accrued Investment Income
The Company does not admit investment income due and accrued if amounts are over 90 days past due.
- B. Amounts Non-admitted
Not applicable.

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE SPARROW PHP

NOTE 8
Derivatives Instruments

Not Applicable

NOTE 9
Income Taxes

Sparrow PHP is exempt from federal income taxes as an organization described under Section 501(c) (4) of the Internal Revenue Code.

NOTE 10
Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

No Significant Change

NOTE 11
Debt

Not Applicable

NOTE 12
Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Not Applicable

NOTE 13
Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

Not Applicable

NOTE 14
Liabilities, Contingencies and Assessments

Not Applicable

NOTE 15
Leases

Not Applicable

NOTE 16
Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not Applicable

NOTE 17
Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not Applicable

NOTE 18
Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

Not Applicable

NOTE 19
Direct Premium Written / Produced by Managing General Agents / Third Party Administrators

Not Applicable

NOTE 20
Fair Value Measurement

- A. Inputs Used for Assets and Liabilities Measured and Reported at Fair Value
(1) Items Measured at Fair Value by Levels 1, 2 and 3

The Company has categorized its assets and liabilities that are reported on the balance sheet at fair value into the three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

- Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities: This category, for items measured at fair value on a recurring basis, includes exchange-traded common stocks and mutual funds. The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are therefore classified as Level 1.
- Level 2 - Significant Other Observable Inputs: This category, for items measured at fair value on a recurring basis, includes bonds which are not exchange traded and common stock of a subsidiary which is valued using an adjusted market method. The estimated fair values of some of these bonds were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded. The Company has no Level 2 assets or liabilities.
- Level 3 - Significant Unobservable Inputs: The Company has no Level 3 assets or liabilities.

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Mutual Funds	6,107,433			6,107,433
Short-Term Investments	6,788,570			6,788,570
Total assets at fair value	12,896,003	0	0	12,896,003

- At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3 as stated in paragraph 3 below.
- No transfers between Levels 1 and 2 occurred during the current year.
- (2) Roll forward of Level 3 Items
- The Company has no assets or liabilities measured at fair value in the Level 3 category.
- (3) Policy on Transfers Into and Out of Level 3
- At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE SPARROW PHP

(4) Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The Company has no assets or liabilities measured at fair value in the Level 2 or 3 categories.

(5) Derivative Fair Values

Not Applicable

B. Other Fair Value Disclosures

Not Applicable

NOTE 21

Other Items

A. Extraordinary Items

Effective December 31, 2015 Sparrow PHP sold 100 percent of membership to an unaffiliated health plan.

B. Troubled Debt Restructuring for Debtors

Not Applicable

C. Other Disclosures

Not Applicable

D. Business Interruption Insurance Recoveries

Not Applicable

E. State Transferable and Non-Transferable Tax Credits

Not Applicable

F. Subprime Mortgage Related Risk Exposure

Not Applicable

G. Retained Assets

Not Applicable

Note 22

Events Subsequent

No Significant Change

Note 23

Reinsurance

No Significant Change

NOTE 24

Retrospectively Rated Contracts & Contracts Subject to Redetermination

A-C. The Company does not participate in traditional retrospectively rated contracts.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act.

Not applicable

E. Risk Sharing Provisions of the Affordable Care Act

(1)Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions (YES/NO)? Yes [] No [X]

(2) Impact of Risk Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year AMOUNT

a.Permanent ACA Risk Adjustment Program	
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment .....	.....
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment .....	.....
3. Premium adjustments payable due to ACA Risk Adjustment .....	.....
Operations (Revenue & Expense)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment .....	.....
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid) .....	.....
b.Transitional ACA Reinsurance Program	
Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance .....	.....
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability) .....	.....
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance .....	.....
Liabilities	
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium .....	.....
5. Ceded reinsurance premiums payable due to ACA Reinsurance .....	.....
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance .....	.....
Operations (Revenue & Expense)	
7. Ceded reinsurance premiums due to ACA Reinsurance .....	.....
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments .....	.....
9. ACA Reinsurance contributions – not reported as ceded premium .....	.....
c.Temporary ACA Risk Corridors Program	
Assets	

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE SPARROW PHP

1. Accrued retrospective premium due to ACA Risk Corridors .....	.....
Liabilities	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors .....	.....
Operations (Revenue & Expense)	
3. Effect of ACA Risk Corridors on net premium income (paid/received) .....	.....
4. Effect of ACA Risk Corridors on change in reserves for rate credits .....	.....

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable					0	0			A	0	0
2. Premium adjustments (payable)					0	0			B	0	0
3. Subtotal ACA Permanent Risk Adjustment Program	0	0	0	0	0	0	0	0		0	0
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid					0	0			C	0	0
2. Amounts recoverable for claims unpaid (contra liability)					0	0			D	0	0
3. Amounts receivable relating to uninsured plans					0	0			E	0	0
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium					0	0			F	0	0
5. Ceded reinsurance premiums payable					0	0			G	0	0
6. Liability for amounts held under uninsured plans					0	0			H	0	0
7. Subtotal ACA Transitional Reinsurance Program	0	0	0	0	0	0	0	0		0	0
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium					0	0			I	0	0
2. Reserve for rate credits or policy experience rating refunds					0	0			J	0	0
3. Subtotal ACA Risk Corridors Program	0	0	0	0	0	0	0	0		0	0
d. Total for ACA Risk Sharing Provisions	0	0	0	0	0	0	0	0		0	0

Explanations of Adjustments
Not Applicable

Note 25
Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2015 were \$6.6 million. As of September 30, 2016, \$6.2 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$180,000 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been favorable prior-year development of approximately \$197,000 since December 31, 2015 to September 30, 2016. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates increase or decrease, as additional information becomes known regarding individual claims.

Note 26
Intercompany Pooling Arrangements

Not Applicable

Note 27
Structured Settlements

Not Applicable

Note 28
Health Care Receivables

No Significant Change

Note 29
Participating Policies

Not Applicable

Note 30
Premium Deficiency Reserves

Not Applicable

Note 31
Anticipated Salvage and Subrogation

Not Applicable

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE SPARROW PHP

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [] No [X]

1.2

If yes, has the report been filed with the domiciliary state?

Yes [] No []

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]

2.2

If yes, date of change:

3.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1 and 1A.

Yes [X] No []

3.2

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes [] No [X]

3.3

If the response to 3.2 is yes, provide a brief description of those changes.

4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]

4.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?
If yes, attach an explanation.

Yes [] No [X] N/A []

6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2015

6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2015

6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/06/2016

6.4

By what department or departments?
Michigan Department of Insurance and Financial Services

6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [X] No [] N/A []

6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [X] No [] N/A []

7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

7.2

If yes, give full information:

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE SPARROW PHP

GENERAL INTERROGATORIES

9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity; (c) Compliance with applicable governmental laws, rules and regulations; (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and (e) Accountability for adherence to the code.

Yes ☒ No ☐

9.11

If the response to 9.1 is No, please explain:

9.2

Has the code of ethics for senior managers been amended?

Yes ☐ No ☒

9.21

If the response to 9.2 is Yes, provide information related to amendment(s).

9.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes ☐ No ☒

9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes ☒ No ☐

10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$0

INVESTMENT

11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes ☐ No ☒

11.2

If yes, give full and complete information relating thereto:

12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$0

13.

Amount of real estate and mortgages held in short-term investments:

\$0

14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes ☐ No ☒

14.2

If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$0	\$
14.22 Preferred Stock	\$0	\$
14.23 Common Stock	\$0	\$
14.24 Short-Term Investments	\$0	\$
14.25 Mortgage Loans on Real Estate	\$0	\$
14.26 All Other	\$0	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$0	\$0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$

15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes ☐ No ☒

15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes ☐ No ☐

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE SPARROW PHP

GENERAL INTERROGATORIES

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

16.3 Total payable for securities lending reported on the liability page.
- \$

\$

\$
- 0

0

0

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?
- Yes [X] No []

- 17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian Address
BNY Mellon	One Mellon Center, Pittsburgh, PA 15258-0001

- 17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?
- Yes [] No [X]

- 17.4 If yes, give full information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

- 17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository	Name(s)	Address

- 18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?
- Yes [X] No []

- 18.2 If no, list exceptions:

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE SPARROW PHP

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:
- 1.1 A&H loss percent

10.1 %
- 1.2 A&H cost containment percent

%
- 1.3 A&H expense percent excluding cost containment expenses

27.7 %
- 2.1 Do you act as a custodian for health savings accounts?

Yes [] No [X]
- 2.2 If yes, please provide the amount of custodial funds held as of the reporting date

.\$
- 2.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]
- 2.4 If yes, please provide the balance of the funds administered as of the reporting date

.\$

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

[illegible]

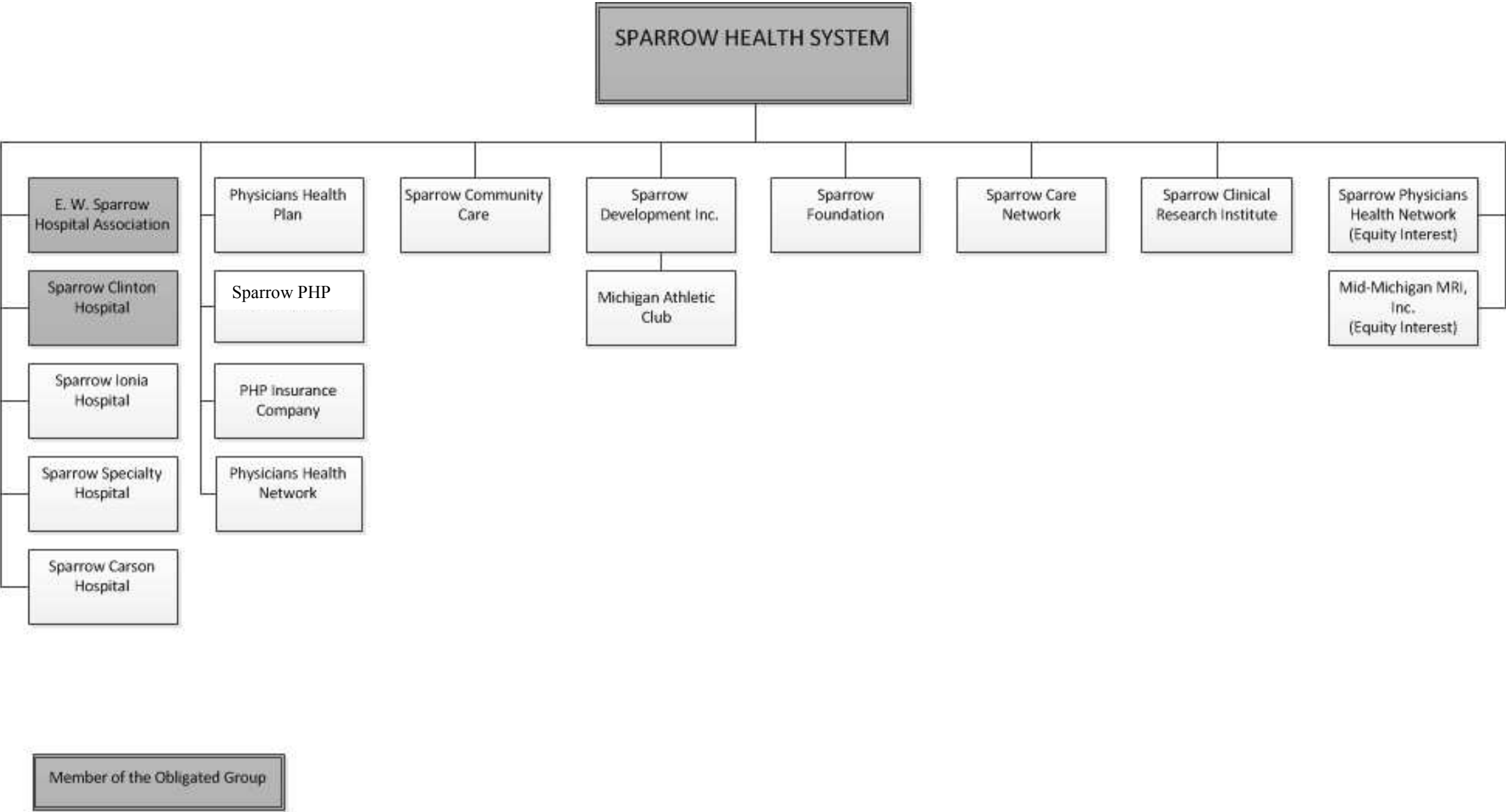
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

		1	Direct Business Only							
States, etc.		Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL	N						0	
2.	Alaska	AK	N						0	
3.	Arizona	AZ	N						0	
4.	Arkansas	AR	N						0	
5.	California	CA	N						0	
6.	Colorado	CO	N						0	
7.	Connecticut	CT	N						0	
8.	Delaware	DE	N						0	
9.	District of Columbia	DC	N						0	
10.	Florida	FL	N						0	
11.	Georgia	GA	N						0	
12.	Hawaii	HI	N						0	
13.	Idaho	ID	N						0	
14.	Illinois	IL	N						0	
15.	Indiana	IN	N						0	
16.	Iowa	IA	N						0	
17.	Kansas	KS	N						0	
18.	Kentucky	KY	N						0	
19.	Louisiana	LA	N						0	
20.	Maine	ME	N						0	
21.	Maryland	MD	N						0	
22.	Massachusetts	MA	N						0	
23.	Michigan	MI	L	0	1,048,240				1,048,240	
24.	Minnesota	MN	N						0	
25.	Mississippi	MS	N						0	
26.	Missouri	MO	N						0	
27.	Montana	MT	N						0	
28.	Nebraska	NE	N						0	
29.	Nevada	NV	N						0	
30.	New Hampshire	NH	N						0	
31.	New Jersey	NJ	N						0	
32.	New Mexico	NM	N						0	
33.	New York	NY	N						0	
34.	North Carolina	NC	N						0	
35.	North Dakota	ND	N						0	
36.	Ohio	OH	N						0	
37.	Oklahoma	OK	N						0	
38.	Oregon	OR	N						0	
39.	Pennsylvania	PA	N						0	
40.	Rhode Island	RI	N						0	
41.	South Carolina	SC	N						0	
42.	South Dakota	SD	N						0	
43.	Tennessee	TN	N						0	
44.	Texas	TX	N						0	
45.	Utah	UT	N						0	
46.	Vermont	VT	N						0	
47.	Virginia	VA	N						0	
48.	Washington	WA	N						0	
49.	West Virginia	WV	N						0	
50.	Wisconsin	WI	N						0	
51.	Wyoming	WY	N						0	
52.	American Samoa	AS	N						0	
53.	Guam	GU	N						0	
54.	Puerto Rico	PR	N						0	
55.	U.S. Virgin Islands	VI	N						0	
56.	Northern Mariana Islands	MP	N						0	
57.	Canada	CAN	N						0	
58.	Aggregate Other Aliens	OT	XXX	0	0	0	0	0	0	0
59.	Subtotal	XXX	0	0	1,048,240	0	0	0	1,048,240	0
60.	Reporting Entity Contributions for Employee Benefit Plans	XXX							0	
61.	Totals (Direct Business)	(a) 1	0	0	1,048,240	0	0	0	1,048,240	0
DETAILS OF WRITE-INS										
58001.	.....	XXX								
58002.	.....	XXX								
58003.	.....	XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999.	Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.
(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



STATEMENT AS OF SEPTEMBER 30, 2016 OF THE SPARROW PHP

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

[illegible]

Asterisk	Explanation

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

Response

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

NO

Explanation:

1. The Medicare Part D Supplement is not applicable to the company as the company is exempt from the continuation of coverage requirement for beneficiaries aging into Medicare Status.

Bar Code:

1. Medicare Part D Coverage Supplement [Document Identifier 365]



STATEMENT AS OF SEPTEMBER 30, 2016 OF THE SPARROW PHP

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Assets Line 11

	Current Statement Date			4
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Prior Year Net Admitted Assets
1104. -			0	
1197. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0

Additional Write-ins for Assets Line 25

	Current Statement Date			4
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Prior Year Net Admitted Assets
2504. -			0	
2597. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest point and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	5,732,006	5,772,738
2. Cost of bonds and stocks acquired	177,851	695,099
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)	322,109	(496,464)
5. Total gain (loss) on disposals	9,234	29,726
6. Deduct consideration for bonds and stocks disposed of	133,766	269,093
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	6,107,434	5,732,006
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	6,107,434	5,732,006

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a)	7,405,122	920,710	1,537,300	0	10,001,317	7,405,122	6,788,532	15,622,161
2. NAIC 2 (a)	0				0	0	0	
3. NAIC 3 (a)	0				0	0	0	
4. NAIC 4 (a)	0				0	0	0	
5. NAIC 5 (a)	0				0	0	0	
6. NAIC 6 (a)	0				0	0	0	
7. Total Bonds	7,405,122	920,710	1,537,300	0	10,001,317	7,405,122	6,788,532	15,622,161
PREFERRED STOCK								
8. NAIC 1	0				0	0	0	0
9. NAIC 2	0				0	0	0	0
10. NAIC 3	0				0	0	0	0
11. NAIC 4	0				0	0	0	0
12. NAIC 5	0				0	0	0	0
13. NAIC 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	7,405,122	920,710	1,537,300	0	10,001,317	7,405,122	6,788,532	15,622,161

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$; NAIC 2 \$; NAIC 3 \$;
NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year-to-Date	Paid for Accrued Interest Year-to-Date
9199999 Totals	6,788,569	xxx	6,788,569	60,385	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	15,622,161	15,491,823
2. Cost of short-term investments acquired	6,963,733	86,184,811
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	15,797,325	86,054,473
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	6,788,569	15,622,161
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	6,788,569	15,622,161

Schedule DB - Part A - Verification - Options, Caps, Floors, Collars, Swaps and Forwards
N O N E

Schedule DB - Part B - Verification - Futures Contracts
N O N E

Schedule DB - Part C - Section 1 - Replication (Synthetic Asset) Transactions (RSATs) Open
N O N E

Schedule DB-Part C-Section 2-Reconciliation of Replication (Synthetic Asset) Transactions Open
N O N E

Schedule DB - Verification - Book/Adjusted Carrying Value, Fair Value and Potential Exposure of
Derivatives
N O N E

Schedule E - Verification - Cash Equivalents
N O N E

Schedule A - Part 2 - Real Estate Acquired and Additions Made
N O N E

Schedule A - Part 3 - Real Estate Disposed
N O N E

Schedule B - Part 2 - Mortgage Loans Acquired and Additions Made
N O N E

Schedule B - Part 3 - Mortgage Loans Disposed, Transferred or Repaid
N O N E

Schedule BA - Part 2 - Other Long-Term Invested Assets Acquired and Additions Made
N O N E

Schedule BA - Part 3 - Other Long-Term Invested Assets Disposed, Transferred or Repaid
N O N E

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE SPARROW PHP

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
0599999. Subtotal - Bonds - U.S. Governments						0	0	0	XXX
1099999. Subtotal - Bonds - All Other Governments						0	0	0	XXX
1799999. Subtotal - Bonds - U.S. States, Territories and Possessions						0	0	0	XXX
2499999. Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions						0	0	0	XXX
3199999. Subtotal - Bonds - U.S. Special Revenues						0	0	0	XXX
3899999. Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)						0	0	0	XXX
4899999. Subtotal - Bonds - Hybrid Securities						0	0	0	XXX
5599999. Subtotal - Bonds - Parent, Subsidiaries and Affiliates						0	0	0	XXX
8399997. Total - Bonds - Part 3						0	0	0	XXX
8399998. Total - Bonds - Part 5						XXX	XXX	XXX	XXX
8399999. Total - Bonds						0	0	0	XXX
8499999. Subtotal - Preferred Stocks - Industrial and Miscellaneous (Unaffiliated)						0	XXX	0	XXX
8599999. Subtotal - Preferred Stocks - Parent, Subsidiaries and Affiliates						0	XXX	0	XXX
8999997. Total - Preferred Stocks - Part 3						0	XXX	0	XXX
8999998. Total - Preferred Stocks - Part 5						XXX	XXX	XXX	XXX
8999999. Total - Preferred Stocks						0	XXX	0	XXX
9099999. Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated)						0	XXX	0	XXX
9199999. Subtotal - Common Stocks - Parent, Subsidiaries and Affiliates						0	XXX	0	XXX
783980-20-4	SEI INSTITUTIONAL INVESTMENT TRUST - CORE FIXED INCOME FUND		09/07/2016	VARIOUS	4,004,000	46,506			
783980-81-6	SEI INSTITUTIONAL INVESTMENT TRUST - SMALL/MID CAP EQUITY FUND		07/08/2016	VARIOUS	793,000	9,441			
783980-77-4	SEI INSTITUTIONAL INVESTMENT TRUST - WORLD EQUITY EX-US FUND		06/01/3016	NON-BROKER TRADE, BO	8,314,000	88,548			
783980-82-4	SEI INSTITUTIONAL INVESTMENT TRUST - LARGE CAP DISCIPLINED EQUITY FUND		07/07/2016	VARIOUS	2,648,000	33,355			
9299999. Subtotal - Common Stocks - Mutual Funds						177,850	XXX	0	XXX
9399999. Subtotal - Common Stocks - Money Market Mutual Funds						0	XXX	0	XXX
9799997. Total - Common Stocks - Part 3						177,850	XXX	0	XXX
9799998. Total - Common Stocks - Part 5						XXX	XXX	XXX	XXX
9799999. Total - Common Stocks						177,850	XXX	0	XXX
9899999. Total - Preferred and Common Stocks						177,850	XXX	0	XXX
9999999 - Totals						177,850	XXX	0	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE SPARROW PHP

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Stated Con-tractual Maturity Date	NAIC Design-ation or Market In-dicator (a)
													0					0			
0599999.	Subtotal - Bonds - U.S. Governments					0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
													0					0			
1099999.	Subtotal - Bonds - All Other Governments					0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
													0					0			
1799999.	Subtotal - Bonds - U.S. States, Territories and Possessions					0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
													0					0			
2499999.	Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions					0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
													0					0			
3199999.	Subtotal - Bonds - U.S. Special Revenues					0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
													0					0			
3899999.	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
													0					0			
4899999.	Subtotal - Bonds - Hybrid Securities					0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
													0					0			
5599999.	Subtotal - Bonds - Parent, Subsidiaries and Affiliates					0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
8399997.	Total - Bonds - Part 4					0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
8399998.	Total - Bonds - Part 5					XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8399999.	Total - Bonds					0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
													0					0			
8499999.	Subtotal - Preferred Stocks - Industrial and Miscellaneous (Unaffiliated)					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
													0					0			
8599999.	Subtotal - Preferred Stocks - Parent, Subsidiaries and Affiliates					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
8999997.	Total - Preferred Stocks - Part 4					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
8999998.	Total - Preferred Stocks - Part 5					XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8999999.	Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
													0					0			
9099999.	Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated)					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
													0					0			
9199999.	Subtotal - Common Stocks - Parent, Subsidiaries and Affiliates					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
783980-20-4	SEI Institutional Investment Trust - Core Fxd		09/07/2016	VARIOUS	12,106,000	128,177		119,843	123,480	(3,637)			(3,637)		119,843		8,333	8,333	421		
783980-77-4	SEI Institutional Investment Trust - World Equity		09/07/2016	NON-BROKER TRADE	205,000	2,236		1,905	2,216	(312)			(312)		1,905		331	331			
783980-81-6	SEI Institutional Investment Trust - Small/Mid Cap Equity		09/07/2016	VARIOUS	46,000	559		551	540	11			11		551		8	8			
783980-82-4	SEI Institutional Investment Trust - Large Cap		09/07/2016	NON-BROKER TRADE	222,000	2,795		2,233	2,710	(477)			(477)		2,233		561	561	3		
9299999.	Subtotal - Common Stocks - Mutual Funds					133,767	XXX	124,532	128,946	(4,415)	0	0	(4,415)	0	124,532	0	9,233	9,233	424	XXX	XXX
													0					0			
9399999.	Subtotal - Common Stocks - Money Market Mutual Funds					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9799997.	Total - Common Stocks - Part 4					133,767	XXX	124,532	128,946	(4,415)	0	0	(4,415)	0	124,532	0	9,233	9,233	424	XXX	XXX
9799998.	Total - Common Stocks - Part 5					XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9799999.	Total - Common Stocks					133,767	XXX	124,532	128,946	(4,415)	0	0	(4,415)	0	124,532	0	9,233	9,233	424	XXX	XXX
9899999.	Total - Preferred and Common Stocks					133,767	XXX	124,532	128,946	(4,415)	0	0	(4,415)	0	124,532	0	9,233	9,233	424	XXX	XXX
9999999.	- Totals					133,767	XXX	124,532	128,946	(4,415)	0	0	(4,415)	0	124,532	0	9,233	9,233	424	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues.....

Schedule DB - Part A - Section 1 - Options, Caps, Floors, Collars, Swaps and Forwards Open
N O N E

Schedule DB - Part B - Section 1 - Futures Contracts Open
N O N E

Schedule DB - Part B - Section 1B - Brokers with whom cash deposits have been made
N O N E

Schedule DB - Part D - Section 1 - Counterparty Exposure for Derivative Instruments Open
N O N E

Schedule DB - Part D-Section 2 - Collateral for Derivative Instruments Open - Pledged By
N O N E

Schedule DB - Part D-Section 2 - Collateral for Derivative Instruments Open - Pledged To
N O N E

Schedule DL - Part 1 - Reinvested Collateral Assets Owned
N O N E

Schedule DL - Part 2 - Reinvested Collateral Assets Owned
N O N E

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6	7	8	
					First Month	Second Month	Third Month	
Comerica Bank Lansing, MI					13,116	13,116	13,705	XXX
PNC Lansing, MI					(19,031)	6,421	4,338	XXX
0199998. Deposits in ... depositories that do not exceed the allowable limit in any one depository (See instructions) - Open Depositories	XXX	XXX						XXX
0199999. Totals - Open Depositories	XXX	XXX	0	0	(5,915)	19,537	18,043	XXX
0299998. Deposits in ... depositories that do not exceed the allowable limit in any one depository (See instructions) - Suspended Depositories	XXX	XXX						XXX
0299999. Totals - Suspended Depositories	XXX	XXX	0	0	0	0	0	XXX
0399999. Total Cash on Deposit	XXX	XXX	0	0	(5,915)	19,537	18,043	XXX
0499999. Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999. Total - Cash	XXX	XXX	0	0	(5,915)	19,537	18,043	XXX

Schedule E - Part 2 - Cash Equivalents - Investments Owned End of Current Quarter

N O N E